

BELL, McANDREWS & HILTACHK, LLP

Attorneys and Counselors at Law

455 CAPITOL MALL, SUITE 801
SACRAMENTO, CA 95814

(916) 442-7757
FAX (916) 442-7759

RECEIVED
FAIR POLITICAL
PRACTICES COMMISSION
2006 JUL 11 PM 3:09

CHARLES H. BELL, JR.
COLLEEN C. McANDREWS
THOMAS W. HILTACHK
JIMMIE E. JOHNSON
ASHLEE N. TITUS

1321 SEVENTH STREET, SUITE 205
SANTA MONICA CA 90401
(310) 458-1405
www.bmhlaw.com

PAUL T. GOUGH
OF COUNSEL

July 11, 2006

Liane M. Randolph, Commission Chair
Sheridan Downey III, Commissioner
Philip Blair, Commissioner
Ray Remy, Commissioner
A. Eugene Huguenin, Jr., Commissioner
Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, CA 95814

Re: Agenda Item No. 13 – Discussion Item

Dear Commission Chair Randolph and Commissioners:

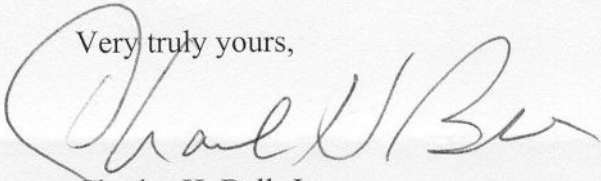
I have attached a copy of the draft regulation I provided to Ms. Menchaca and Mr. Woodlock on June 27, 2006, to which the staff memo on Agenda Item 13 refers.

This draft was submitted to try to move the discussion of this issue forward. Last year, as the staff memorandum recalls, the California Republican Party and California Democratic Party counsel suggested that the FPPC seek direction from the Federal Election Commission on whether the regulation that the FPPC was contemplating was preempted by federal law. Unfortunately, the FEC did not address the issue the FPPC presented, because it viewed the elements of the FPPC's *draft* regulation as speculative. We were disappointed that the FEC did not address the preemption question. However, we are interested in obtaining clarity soon on this issue. My draft regulation outlines what the political parties have offered, and believe to be appropriate, in terms of disclosure.

At our discussion on June 27, 2006, I emphasized that this was a draft and that language describing what was a contribution and expenditure could be drafted differently. Also, in the draft regulation, I included elements relating to disclosures by donors and notification of donors that could be located in a different regulation but which were included for discussion purposes in one place.

Letter to Liane M. Randolph, Commission Chair
Sheridan Downey III, Commissioner
Philip Blair, Commissioner
Ray Remy, Commissioner
A. Eugene Huguenin, Jr., Commissioner
Fair Political Practices Commission
July 11, 2006
Page 2

We hope that you will consider these issues when you take up Proposed Regulation 18530.3.

Very truly yours,

Charles H. Bell, Jr.

CHB/jg

Enclosure

BELL, McANDREWS & HILTACHK, LLP

Attorneys and Counselors at Law

455 CAPITOL MALL, SUITE 801
SACRAMENTO, CA 95814

(916) 442-7757
FAX (916) 442-7759

CHARLES H. BELL, JR.
COLLEEN C. McANDREWS
THOMAS W. HILTACHK
JIMMIE E. JOHNSON
ASHLEE N. TITUS

PAUL T. GOUGH
OF COUNSEL

RECEIVED
FAIR POLITICAL
PRACTICES COMMISSION
2006 JUL 11 PM 3:09

1321 SEVENTH STREET, SUITE 205
SANTA MONICA CA 90401
(310) 458-1405

www.bmhlaw.com

June 13, 2006

VIA FACSIMILE: 916-322-1932

Luisa Menchaca
General Counsel
Lawrence T. Woodlock
Senior Commission Counsel
California Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, CA 95814

RE: Interested Persons Meeting – Proposed Regulation 18530.3

Dear Ms. Menchaca and Mr. Woodlock:

Submitted herewith is a proposed alternative to your draft Proposed Regulation 18530.3, concerning the reporting of expenditures from political parties' federal campaign accounts. I have submitted this proposal in advance of the Interested Persons meeting which I understand will take place on June 20, 2006, because of a pending conflict with an FPPC-related OAH administrative hearing on the same day.

My proposed Regulation addresses the five issues that the California Republican Party believes warrant appropriate, state regulatory guidance in this area:

- (1) disclosure of "contributions" made for a state political purpose that nonetheless require use of federal funds, including Federal Levin funds;
- (2) disclosure of allocated non-federal or Federal Levin funds which are functionally "expenditures" made for a state political purpose;
- (3) limited disclosure of "contributions" on the allocation page of the state campaign disclosure form and the corresponding exclusion from disclosure of federal hard dollar

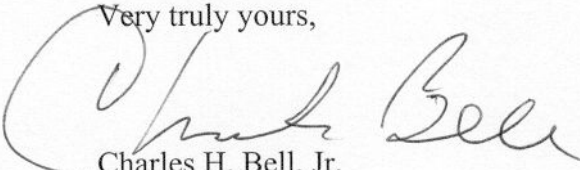
Letter to Luisa Menchaca
General Counsel
Lawrence T. Woodlock
Senior Commission Counsel
California Fair Political Practices Commission
June 13, 2006
Page 2

contributors' contributions, or a portion thereof, when federal hard dollar funds are required to be used for a state political purpose;

(4) disclosure by state campaign committees, including major donor committees, of Federal Levin contributions they made to state or local political party committees; and

(5) a specific requirement that political party committees provide major donor notices if applicable, to donors of Federal Levin funds.

Please feel free to contact me if you have any questions concerning this Proposed Regulation.

Very truly yours,

Charles H. Bell, Jr.

CHB/jg

Enclosure

Proposed Regulation 18530.3

18530.3 Reporting of Specified Contributions and Expenditures by Political Party Committees

- (a) A political party committee as defined in Government Code section 85205 shall disclose on its campaign reports filed pursuant to this title contributions known as “Federal Levin Funds” pursuant to title 2, U.S.C.A., section 441i(b)(2)(B)(iii), which are [functionally] “contributions” made for a state political purpose under Government Code section 82015.
- (b) A political party committee as defined in Government Code section 85205 shall disclose on its campaign reports filed pursuant to this title the non-federal or Federal Levin Fund allocated expenditures made for purposes described in title 2, U.S.C.A., section 441i(b)(2) (A) and (B) and section 431(20), and title 11, Code of Federal Regulations, sections 300.32(b)-(d) and 300.33 as “federal election activity,” which are [functionally] “expenditures” made for a state political purpose under Government Code section 82025.
- (c) A political party committee as defined in Government Code section 85205 shall disclose on the allocation page of schedule D of its FPPC Form 460 reports, and on any other reports which a political party committee is required to file under the Political Reform Act, any expenditures by its federal committee that are required by title 2, U.S.C.A., section 441i(b)(2)(B) and 431(20)(A)(iii) which are “contributions” to or “independent expenditures” on behalf of any state or local candidate or ballot measure, as defined in Government Code sections 82015 and 82031. The political party committee shall not be required to allocate or itemize any contributions received by its federal campaign committee used for the purposes described in this subdivision under Government Code section 84211(f), (g), or (h).
- (d) Any committee described in Government Code section 82013, including any major donor committee, shall disclose on its periodic state campaign disclosure reports any contribution it has made to the Federal Levin Fund account of a political party committee as defined in Government Code section 85205.
- (e) A political party committee as defined in Government Code section 85205 shall provide notification of potential major donor committee filing obligations under Government Code section 84105 and 2 CCR 18427.1, to donors of contributions reported under subdivision (a) of this section.

Authority: Government Code sections 82015, 82025, 82031, 85205

Draft 6/12/06